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**JOUTEL COPPER MINES LIMITED**  
(NO PERSONAL LIABILITY)

*Annual Report*

**FOR THE YEAR ENDED DECEMBER 31st, 1967**



# Joutel Copper Mines Limited

(No Personal Liability)

## DIRECTORS

K. BURN, Q.C.	-	-	-	-	-	-	-	-	-	-	Toronto, Ontario
E. FUTTERER	-	-	-	-	-	-	-	-	-	-	Toronto, Ontario
K. C. GRAY	-	-	-	-	-	-	-	-	-	-	Toronto, Ontario
W. S. ROW	-	-	-	-	-	-	-	-	-	-	Toronto, Ontario
J. H. STOVEL	-	-	-	-	-	-	-	-	-	-	Toronto, Ontario

## OFFICERS

J. H. STOVEL	-	-	-	-	-	-	-	-	-	-	President
E. FUTTERER	-	-	-	-	-	-	-	-	-	-	Vice-President and General Manager
R. D. STEWART	-	-	-	-	-	-	-	-	-	-	Secretary
B. C. BONE	-	-	-	-	-	-	-	-	-	-	Treasurer
J. B. SAGE	-	-	-	-	-	-	-	-	-	-	Assistant Secretary
D. B. CAMPBELL, Joutel, Quebec	-	-	-	-	-	-	-	-	-	-	Manager

## HEAD OFFICE

SUITE 605 - 399 ST. JOSEPH STREET EAST  
QUEBEC CITY, P.Q.

## EXECUTIVE OFFICE

SUITE 1600 - 44 KING STREET WEST  
TORONTO 1, ONTARIO

## MINE OFFICE

JOUTEL, QUEBEC

## TRANSFER AGENT AND REGISTRAR

THE ROYAL TRUST COMPANY  
119 ADELAIDE STREET WEST, TORONTO 1, ONTARIO

## ANNUAL MEETING

Wednesday, April 17th, 1968, at 10:30 a.m.  
Le Chateau Champlain, Montreal, Quebec



# JOUTEL COPPER MINES LIMITED

(No Personal Liability)

## INFORMATION CIRCULAR

This Information Circular is furnished in connection with the Annual Meeting of the Shareholders of the Company to be held on Wednesday, the 17th day of April, 1968 at the time and place and for the purposes set forth in the Notice of Meeting.

### VOTING SHARES

At the close of business on February 15th, 1968 the Company had 4,889,703 outstanding common shares of a par value of \$1.00 each and the holders of such shares are entitled to one vote for each share held, at such meeting and at any adjournment thereof. The Management of the Company has been informed that Kerr Addison Mines Limited is the only person or company which owns beneficially, directly or indirectly more than 10% of the outstanding common shares of the Company, owning 3,097,091 shares, or 63% at February 15th, 1968.

Only shareholders of record at the time set for the meeting will be entitled to vote at the meeting or any adjournment thereof.

### ELECTION OF DIRECTORS

The Management of the Company proposes to nominate the five persons listed below as Directors of the Company. Each Director so elected will hold office until the next annual meeting or until his successor is duly elected. It is the intention of the persons named in the enclosed form of proxy to vote for the election of the persons nominated, all of whom are now Directors of the Company and have been since the dates indicated. If any of the nominees should be unable to serve as Directors of the Company for any unforeseen reason the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion.

Name	Positions and Offices with the Company	Principal Occupation	Became Director	Common shares owned directly or indirectly at February 15th, 1968
J. H. Stovel	President	President of Kerr Addison Mines Limited since 1967. From 1965 to 1967 he was Executive Vice-President of Kerr Addison Mines Limited and prior to 1965 he was General Manager of Noranda Mines Limited.	1964	1
W. S. Row		Executive Vice-President of Noranda Mines Limited since 1965 and was a Vice-President prior to 1965. He was also President of Kerr Addison Mines Limited up to 1967.	1961	501
K. C. Gray		Retired since 1965. Prior to 1965 he was Executive Vice-President of Kerr Addison Mines Limited.	1961	1
E. Futterer	Vice-President and General Manager	Vice-President and General Manager of Kerr Addison Mines Limited since 1967. From 1964 to 1967 he was Technical Assistant to the President of Kerr Addison Mines Limited. Prior to 1964 he was Assistant Mine Manager of Denison Mines Limited.	1966	1

Name	Positions and Offices with the Company	Principal Occupation	Became Director	Common shares owned directly or indirectly at February 15th, 1968
K. Burn, Q.C.		General Manager and General Counsel of Canada Permanent Trust Company. From 1963 to 1967 he was Vice-President and General Manager of Eastern and Chartered Trust Company prior to which he was General Manager of Chartered Trust Company.	1966	101

#### REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

- (1) Aggregate direct remuneration paid or payable by the Company and its subsidiaries in 1967 to the Directors and senior officers of the Company was \$44,681.
- (2) Estimated aggregate cost to the Company and its subsidiaries in 1967 of all pension or retirement benefits proposed to be paid to the Directors and senior officers of the Company under existing plans in the event of retirement at normal retirement age was \$426.

#### APPOINTMENT OF AUDITORS

The persons named in the enclosed form of proxy intend to vote for the re-appointment of Messrs. Clarkson, Gordon & Co., Chartered Accountants, Toronto, as auditors of the Company, to hold office until the next Annual Meeting of Shareholders. Messrs. Clarkson, Gordon & Co. have been auditors of the Company for more than five years.

#### OTHER BUSINESS

The Management of the Company knows of no matters to come before the Meeting other than the matters referred to in the Notice of the Meeting. However, if matters not now known to the Management should come before the Meeting, shares represented by proxies solicited by the Management will be voted on each such matter in accordance with the best judgment of the nominee voting same.

On behalf of the Board,

R. D. STEWART,  
Secretary.

February 15th, 1968.



# Joutel Copper Mines Limited

(No Personal Liability)

## *Directors' Report*

TO THE SHAREHOLDERS:

Your Directors submit herewith the Annual Report for the year ended December 31, 1967. Included herein is the General Manager's Report which gives details of production.

Milling of ore in the concentrator of Mines de Poirier Inc. commenced on February 13th. Due to the treatment of low grade ore from stope development headings and the need to provide additional grinding capacity, the scheduled production rate of 700 tons of ore per day containing at least 2% copper was not achieved until August. Accordingly all costs incurred prior to August 1 were charged to preproduction. An application for the commencement of the three year tax-free period from August 1 has been filed.

Profit before amortization and write-offs for the five month period ended December 31, 1967 was \$712,300 and the net profit after write-offs was \$142,200.

In the past year, copper markets have been dominated by the industry-wide strikes in the United States. Supplies eased overseas with resumption of shipments from the Congo in February and generally lower consumption. However, inventory buying exaggerated the U.S. demand in the first half and production losses since the strike began July 15 have gradually increased pressure on supplies. Prices have risen in response and could remain strong until regular supplies are re-established some months after settlement.

Your Directors record their appreciation of the work done by the Manager, Resident Superintendent and his staff throughout the year. Mr. D. B. Campbell, formerly Resident Superintendent, has recently been appointed Manager, and Mr. E. Futterer, formerly Vice-President and Manager, has been appointed Vice-President and General Manager.

On behalf of the Board,

J. H. STOVEL,  
President.

February 2nd, 1968.



# Joutel Copper

(No Personal Liability)

(Incorporated under the laws of the Province of Ontario)

## BALANCE SHEET

(with comparative figures for 1966)

### ASSETS

#### CURRENT:

	1967	1966
Cash	\$ 15,296	\$ 443,511
Accounts receivable	15,905	79,732
Smelter settlements, at estimated value	1,338,290	
Prepaid expense	12,559	
Inventory of supplies, at lower of cost and market	28,117	4,573
	<u>1,410,167</u>	<u>527,816</u>

#### DEFERRED:

Exploration, development and other expenditures, less amortization (notes 1 and 4)	3,399,321	3,138,481
Prepaid milling expenses (note 2)	556,607	650,000
Hydro deposit	27,883	35,000
	<u>3,983,811</u>	<u>3,823,481</u>

#### FIXED:

Buildings and equipment, at cost (note 4)	1,478,035	1,257,256
Less accumulated depreciation	136,061	
	<u>1,341,974</u>	
Mining properties, at cost less amortization of \$41,425 in 1967 (note 4)	408,575	450,000
	<u>1,750,549</u>	<u>1,707,256</u>

#### OTHER:

Debenture discount, less amortization (note 4)	344,800	575,200
Incorporation expenses	3,000	3,000
	<u>347,800</u>	<u>578,200</u>
	<u>\$7,492,327</u>	<u>\$6,636,753</u>

(See accompanying notes)

### AUDIT

To the Shareholders of  
Joutel Copper Mines Limited:  
(No Personal Liability)

We have examined the balance sheet of Joutel Copper Mines Limited (No Personal Liability) and application of funds and exploration, development and other expenditures for the year ended December 31, 1967. Our examination included a general review of the accounting procedures and such tests of accounts as we considered necessary.

In our opinion and according to the best of our information and the explanations given to us, the balance sheet and application of funds and exploration, development and other expenditures for the year then ended, in accordance with generally accepted accounting principles applied.

Toronto, Canada,  
February 9, 1968.



# Mines Limited

ability)

aws of Quebec)

CEMBER 31, 1967

December 31, 1966)

## LIABILITIES

	1967	1966
CURRENT:		
Demand loan payable .....	\$ 575,000	
Accounts payable .....	214,518	\$ 276,091
Due to parent company, Kerr Addison Mines Limited .....	41,842	14,449
Estimated liability for roads and bridges .....	147,500	147,500
Accrued debenture interest payable (note 3) .....	359,500	186,940
	<u>1,338,360</u>	<u>624,980</u>
LONG TERM:		
6% secured redeemable income debentures, maturing December 31, 1975 (secured by a first floating charge on the company's assets) .....	2,876,000	2,876,000
CAPITAL AND SURPLUS:		
Capital stock —		
Authorized:		
5,000,000 shares of a par value of \$1.00 each		
Issued:		
4,889,073 shares .....	4,889,073	4,889,073
Less discount .....	1,753,300	1,753,300
	<u>3,135,773</u>	<u>3,135,773</u>
Earned surplus .....	142,194	
	<u>3,277,967</u>	
On behalf of the Board:		
J. H. STOVEL, Director.		
EDWARD FUTTERER, Director.		
	<u>\$7,492,327</u>	<u>\$6,636,753</u>

g notes)

REPORT

ity) as at December 31, 1967, and the statements of operations and earned surplus, source  
ded and have obtained all the information and explanations we have required. Our  
records and other supporting evidence as we considered necessary in the circumstances.  
and as shown by the books of the company, these financial statements are properly drawn  
r 31, 1967, the results of its operations and the source and application of its funds for  
is consistent with that of the preceding year.

CLARKSON, GORDON & CO.,  
Chartered Accountants.



# Joutel Copper Mines Limited

(No Personal Liability)

## STATEMENT OF OPERATIONS AND EARNED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 1967

(As explained in note 1 the operating results set out below are for the period  
from date of commencement of production in commercial quantities on  
August 1, 1967, to December 31, 1967)

Revenue from copper produced .....		\$1,566,607
EXPENSE:		
Cost of metal production .....	739,847	
Administrative and corporate .....	42,526	
Debenture interest .....	71,900	854,273
		<hr/>
Net income before depreciation and amortization .....		712,334
DEPRECIATION AND AMORTIZATION:		
Exploration, development and other expenditures .....	344,654	
Buildings and equipment .....	136,061	
Mining properties .....	41,425	
Debenture discount .....	48,000	570,140
		<hr/>
Net income for the period and earned surplus at December 31, 1967 .....		<u>\$ 142,194</u>

## STATEMENT OF SOURCE AND APPLICATION OF FUNDS (for the year ended December 31, 1967)

### SOURCE:

#### From operations —

Net income from operations .....	\$ 142,194	
Add items deducted in arriving at net income which did not involve an outlay of cash:		
Amortization of exploration, development and other expenditures .....	344,654	
Provision for depreciation .....	136,061	
Amortization of mining properties .....	41,425	
Amortization of debenture discount .....	48,000	
	<hr/>	
	712,334	
Recovery of prepaid milling expenses .....	93,393	
Reduction in hydro deposit .....	7,117	
	<hr/>	
Total source of funds .....		\$ 812,844

### APPLICATION:

Exploration, development and other expenditures .....	605,494	
Less amortization of debenture discount included therein (not a cash outlay) .....	182,400	
	<hr/>	
	423,094	
Purchase of fixed assets .....	220,779	
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Total funds applied .....		643,873
		<hr/>
Increase in working capital .....		168,971
Working capital (deficit) at December 31, 1966 .....		(97,164)
		<hr/>
Working capital at December 31, 1967 .....		<u>\$ 71,807</u>

(See accompanying notes)



# Joutel Copper Mines Limited

(No Personal Liability)

## STATEMENT OF EXPLORATION, DEVELOPMENT AND OTHER EXPENDITURES

FOR THE YEAR ENDED DECEMBER 31, 1967

	Balance December 31, 1966	Expenditures during the year	Balance December 31, 1967
Geophysical .....	\$ 27,572		\$ 27,572
Transfer and assessment fees .....	16,862		16,862
Diamond drilling .....	783,955	\$ 18,320	802,275
Assaying .....	25,020	558	25,578
Shaft sinking .....	481,791	22	481,813
Drifting and cross-cutting .....	608,081	178,737	786,818
Slashing .....	73,967		73,967
Ore passes and raises .....	186,379	56,814	243,193
Miscellaneous stations .....	190,719	39,099	229,818
Mine maintenance .....	299,555	27,685	327,240
Supervisory salaries and expenses .....	84,618		84,618
Field office administration .....	77,964	36,093	114,057
Cost of access roads .....	153,862		153,862
	<u>3,010,345</u>	<u>357,328</u>	<u>3,367,673</u>
Debenture discount .....		182,400	182,400
Debenture interest .....	186,940	100,660	287,600
Administration and financing expenditures .....	117,145	63,293	180,438
	<u>3,314,430</u>	<u>703,681</u>	<u>4,018,111</u>
LESS:			
Proceeds of production during start-up period .....		778,810	778,810
Less related operating expenditures .....		684,016	684,016
		<u>94,794</u>	<u>94,794</u>
Interest earned .....	175,949	3,393	179,342
	<u>175,949</u>	<u>98,187</u>	<u>274,136</u>
	<u>\$3,138,481</u>	<u>\$ 605,494</u>	<u>3,743,975</u>
Less portion amortized against operations for the period August 1, to December 31, 1967 .....			<u>344,654</u>
			<u>\$3,399,321</u>

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1967

- EXPLORATION, DEVELOPMENT AND OTHER EXPENDITURES**  
The company commenced production in commercial quantities on August 1, 1967. All costs incurred prior to August 1, 1967, less proceeds of production during the start-up period ending on that date, have been charged to "Exploration, Development and Other Expenditures".
- PREPAID MILLING EXPENSES**  
Prepaid milling expenses represent amounts advanced to Mines de Poirier Inc., to finance the required expansion of that company's mill for the processing of Joutel ore, less repayments to date by way of a reduction in milling toll charges of 50¢ per ton of processed ore.
- ACCRUED DEBENTURE INTEREST**  
Interest has been accrued in the accounts for the period from the issue date of the debentures December 1, 1965, to December 31, 1967. On the basis of the company's earnings to date such interest will become payable on May 31, 1968.
- DEPRECIATION AND AMORTIZATION CHARGES**  
Depreciation and amortization with respect to mining claims and properties, buildings and equipment, and exploration, development and other expenditures are being provided on the basis of writing off such assets and expenditures over a period of approximately 5-6 years. Debenture discount is being amortized over the period the company expects the income debentures to be outstanding; in 1967 debenture discount amortization totalled \$230,400 of which \$182,400 is included in exploration, development and other expenditures, and \$48,000 has been charged to operations.
- INCOME TAXES**  
No income taxes are payable on the current year's income as the company is exempt from these taxes during its first three years of operations.
- REMUNERATION OF DIRECTORS AND OFFICERS**  
Remuneration was paid to directors of \$400 and senior officers (as defined) of \$44,281 in the year.



# Joutel Copper Mines Limited

(No Personal Liability)

## GENERAL MANAGER'S REPORT

TO THE PRESIDENT AND DIRECTORS:

Initial shipments of ore to the concentrator of Mines de Poirier Inc. commenced February 8, 1967 and milling started February 13th.

For a period of five months tonnage was limited by inadequate grinding capacity in the custom mill. Ore grade was very low due to the necessity to mill marginal material broken through development on the fringes of the ore zones.

Early in August modifications to the grinding circuit were completed to permit daily production to reach the planned rate of 700 tons per day. Over the low tonnage period, development of the mine was advanced to the state where balanced stoping could be carried out resulting in a rise in mill head grade to an average of 2.1% copper.

Production and development statistics for the year are tabulated as follows:

### PRODUCTION

	January to July	August to December	Total
Dry Tons Milled .....	84,193	102,593	186,786
Average Tons Milled Per Day .....	500	675	593
Average Grade of Ore (% Cu) .....	1.44	2.08	1.80
Recovery (%) .....	92.3	92.5	92.5
Concentrate Grade (%) .....	20.01	18.70	19.11

### DEVELOPMENT

Drifts & Crosscuts (ft.) .....	2,880	1,643	4,523
Raises (ft.) .....	1,849	1,039	2,888
Diamond Drilling (ft.) .....	16,440	24,836	41,276
Blast Hole Drilling (ft.) .....	120,517	45,742	166,259

Detailed stope development has demonstrated that the ore zones are more erratic than was indicated by earlier surface and underground diamond drilling. This situation has necessitated close spacing of diamond drill holes for stope definition and a heavier than expected development program. Underground diamond drill holes have indicated 1,020,000 tons of proven and probable ore containing 2.45% copper in twelve stoping areas after the mining of 186,000 tons during 1967. These figures include an allowance for estimated dilution. With several zones open for extension of reserves it is considered probable that the previous estimate of 1,370,000 tons containing 2.35% copper will be realized.

The mine is operating primarily on a dormitory basis with five homes and eight house trailers for staff personnel. Labour availability has been a constant problem with a high turnover in common with the rest of the industry.

The first year of production has been a difficult one for Mr. D. B. Campbell, Manager, his assistant, Mr. R. J. Beggs, and the Joutel staff. Their loyalty and efforts are sincerely appreciated.

EDWARD FUTTERER,  
Vice-President & General Manager.